GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:92
ANSWERED ON:17.10.2008
FINANCIAL INCLUSION BY NABARD
Borkataky Shri Narayan Chandra

Will the Minister of FINANCE be pleased to state:

(a) the manner in which the Financial Inclusion Fund (FIF) and the Financial Inclusion Technology Fund (FITF) constituted by National Bank for Agriculture and Rural Development (NABARD) would help in providing financial service to the rural poor including that of in remote areas of North Eastern Region;

(b) whether the said funds would increase the credit deposit ratio in North Eastern Region; and

(c) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c) : Some of the important eligible activities of Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) are envisaged as under :-

Providing promotional support to institutions, such as Farmers' Service Centres and Rural Development and Self Employment Training Institutes, nurturing entrepreneurial capacity and increasing financial education and literacy;
Capacity building of Business Facilitators and Business Correspondents, personnel of banks, Post Offices, State Government Departments, MFIs, NGOs, Local Level Associations, members of SHGs/ Joint Liability Groups, etc.;
Funding support for setting up of Rural Credit Bureaus and credit rating of rural customers;
Encouraging user friendly technological solutions and providing financial support to them;
Funding support to technologies facilitating the documentation for processing of loans;
Capacity building of personnel of banks, Post Offices, State Government, MFIs, NGOs, VAs, other stakeholders; and
Any other activity as may be approved by the Advisory Boards of these two Funds.
As per the Committee for Financial Inclusion, financial exclusion in North Eastern region varies from 61.2% to 95.9%. Therefore, the Committee has already recommended that the North Eastern region may be given adequate support for financial inclusion.
The support from these funds would provide financial services to the rural poor including those in the remote areas, which would help banks to raise untapped deposits and provide credit resulting in increased credit-deposit ratio in North Eastern region. NABARD has already received various proposals from Sikkim, Manipur, Meghalaya, Tripura and Arunachal Pradesh for Information Technology and Communication intervention from FITF.